

PUBLIC DISCLOSURE

APRIL 7, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CRESCENT CREDIT UNION

60 CRESCENT STREET
BROCKTON, MA 02403

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **CRESCENT CREDIT UNION** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **APRIL 7, 2003**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Crescent Credit Union's rating of satisfactory is based upon the following performance factors as established under the CRA Examination Procedures for Large Institutions. As a community-based credit union which has achieved large institution status based upon its asset size, Crescent Credit Union was evaluated on its Lending and Service activities. Due to statutory limitations, credit unions are not required to be evaluated for CRA on their Investment performance

Crescent Credit Union (CCU) was found to have a satisfactory performance in regards to Lending. Deposits from the membership are returned in the form of residential and consumer installment loans. CCU was found to have a good distribution of residential loans to borrowers of different income levels. Loan penetration within the assessment area indicates the majority of the census tracts were penetrated. Finally, Crescent Union has achieved a good level of community development lending through its participation in the Brockton Housing Partnership.

The Service Test indicates that CCU's delivery systems, which consist primarily of branch offices and automated teller machines, are convenient and accessible to all members. Low- and moderate-income members and individuals who speak languages other than English benefit from the institution's efforts to provide services to the entire membership. The credit union has demonstrated an acceptable level of participation in community development organizations within its assessment area.

Crescent Credit Union's rating of satisfactory takes into account its financial capacity and size, local economic conditions and demographics, as well as legal and statutory limitations

LENDING AND SERVICE TEST TABLE

The following table indicates the performance level of **Crescent Credit Union, Brockton, Massachusetts**, with respect to the lending and service tests.

Performance Levels	Lending Test*	ServiceTest
Outstanding		
High Satisfactory		
Satisfactory	X	X
Needs to Improve		
Substantial Non-Compliance		

DESCRIPTION OF INSTITUTION

Crescent Credit Union (CCU) is a state-chartered institution headquartered in Brockton, Massachusetts. The credit union's by-laws limit membership to individuals who work or reside within Barnstable, Bristol, Norfolk, and Plymouth Counties. As of March 31, 2003, membership totaled approximately 49,607 individuals. The credit union has 7 full service business offices including the main office. Office locations include the main office located at 60 Crescent Street in Brockton and four additional locations in Brockton. The credit union has two additional full-service branches located in the City of Taunton and the Town of Norwell. Also, CCU operates a mortgage and loan center located at 55 Christy's Drive in Brockton. Of the 7 full-service offices, 3 are located in low- or moderate-income census tracts. The credit union has not opened or closed any branch office since the last CRA report of examination.

As of December 31, 2002, the credit union had total assets of \$271,268,566. Total loans, as of this date, were \$213,879,459. The ratio of total loans to-assets was 78.8 percent. Loans secured by 1 to 4 family residential properties account for \$164.2 million or 76.8 percent of the loan portfolio. Since the last examination, the credit union's loan portfolio has grown more than 23 percent. However, there was no major shift in the portfolio composition. Refer to the following table for additional information.

Loan Distribution as of December 31, 2002		
Loan Type	Dollar Amount \$(000)	Percent (%)
Secured by real estate:		
First Mortgage	120,125,749	56.2
Other Real Estate	44,104,886	20.6
Used Vehicle	38,725,584	18.1
Other Loans/Lines of Credit	5,447,678	2.5
New Vehicle	3,155,990	1.5
All Other Unsecured Loans/Lines	2,319,572	1.1
	213,879,459	100.0

Source: Report of Condition

An analysis of CCU's loan-to-asset ratio was conducted. The credit union's Statement of Financial Condition data were utilized to determine the average loan-to-asset ratio for the last eight quarters, beginning March 31, 2001, and ending December 31, 2002. The data indicated that the net loan-to-asset ratio for that period averaged 74.6 percent. The average net loan-to-deposit ratio for the same period was 86.0 percent. During the last eight quarters the credit union's assets have increased by \$28.6 million or 10.5 percent. In addition, the dollar volume of net loans increased by more than 17 percent. This is considerably more than overall asset growth and resulted in the upward trend of the credit union's loan to asset ratio. Net loans to assets steadily increased from a low of 71.8 percent as of March 31, 2001 to 78.1 percent as of December 31, 2002, an increased of more than 6 percent.

An analysis of the credit union's net loan to deposit ratio indicated that for the period reviewed loan growth outpaced deposit growth. Total deposits increased during the same period by \$20,496,542 or 8.7 percent. The more rapid growth in loans resulted in an increase in the net loan to deposit ratio. As of December 31, 2002, the net loan to deposit ratio stood at 89.8 percent, up from a low of 80.9 on March 31, 2001.

CCU actively sells residential mortgages in the secondary mortgage market, but retains the servicing rights. Participation in the secondary mortgage market allows the credit union to offer a variety of fixed-rate and adjustable-rate mortgage loan products. Primarily the credit union sells fixed rate mortgages to the Federal National Mortgage Association (FNMA). During calendar year 2001, 27 loans were sold totaling \$2.8 million and in 2002, 46 loans were sold to FNMA totaling \$5.6 million.

The last CRA examination conducted by the Commonwealth of Massachusetts was dated October 17, 2000. The credit union received a rating of "Satisfactory". The credit union was examined under the small credit union CRA procedures at that time. The current examination is the credit union's first examination under the large credit union examination procedures. The performance rating at this examination is based upon the institution's lending for calendar years 2001 and 2002. HMDA data for calendar year 2001 is presented along with aggregate data, the latest data available for aggregate data analysis.

Comparisons will also be made to 1990 census data for owner-occupied households as well as all households. Residential real estate home purchases were strong in 2001 and refinances were robust in 2002 when interest rates were declining. Greater weight will be given to the credit union's performance for residential real estate lending versus consumer lending since the credit union's primary focus is mortgage lending.

CCU offers real estate and consumer credit products. These products include the following: residential fixed rate mortgages with terms of up to 30 years; conventional residential adjustable rate mortgage loans; home equity loans; residential construction permanent loans; first time homebuyer mortgages; reduced closing costs programs; automobile loans; unsecured personal loans; unsecured credit lines; agent secured credit cards; student loans; home improvement loans; passbook secured loans; recreational vehicle loans; motorcycle loans and indirect automobile loans.

The credit union applied for parity powers on April 26, 2000 and was approved by the Commissioner of Banks on August 14, 2000. Pursuant to Massachusetts General Laws chapter 171, section 6A and 209 CMR 50.06(3)(j) the credit union requested and was given permission to increase residential first mortgage loan amounts up to \$500,000 for a term up to 40 years and to increase the loan-to-value ratio on residential mortgage loans up to 95 percent pursuant to 209 CMR 50.06(3)9k).

Additional information regarding credit products designed for low- and moderate-income loan applicants are provided later in this evaluation.

There are no apparent financial or legal impediments that would limit the credit union's ability to help meet credit needs within the assessment area. Based upon CCU's financial condition, size, product offerings, and branch network, the credit union's ability to meet community credit needs is considered to be strong.

DESCRIPTION OF ASSESSMENT AREA

Demographic and Economic Data

The credit union has defined an assessment area in accordance with the requirements of the Community Reinvestment Act. The CRA requires financial institutions to identify an assessment area in which they intend to focus their lending efforts and in which regulators will evaluate the financial institution's CRA performance. The credit union has defined its assessment area as the following municipalities located in the Brockton Metropolitan Statistical Area (MSA). They include: the City of Brockton, and the towns of Abington, Avon, Bridgewater, East Bridgewater, Easton, Halifax, Hanson, Lakeville, Middleborough, Plympton, Raynham, West Bridgewater, and Whitman; In the Boston, MSA the credit union has identified the City of Taunton, and the towns of Canton, Carver, Cohasset, Duxbury, Kingston, Mansfield, Marshfield, Norton, Hanover, Hingham, Holbrook, Norwell, Pembroke, Plymouth, Rockland, Scituate, Stoughton, and Weymouth. (The Board of Directors voted on the addition of these 12 latter towns on July 17, 2001)

The 1990 median family income for the Brockton and Boston MSAs was \$44,404 and \$48,688, respectively. The median family income for the assessment area in 1990 was \$48,823. Based on these figures, the credit union's assessment area is slightly more affluent than the MSA averages. The 1990 MSA income figures were used to determine the income level category for each census tract in the MSA. The income levels for individuals are determined using estimates provided by the Department of Housing and Urban Development (HUD). The HUD estimates of individual income levels are adjusted annually. The HUD adjusted median income figures for the Brockton MSA for 2001 and 2002, were \$61,300 and \$63,500, respectively. The HUD adjusted median income figures for the Boston MSA for 2001 and 2002, were \$70,000 and \$74,200, respectively.

HUD makes adjustments to MSA median family income annually. The adjusted median family incomes for the MSAs for 2001 and 2002 are shown in the table below. Based upon the definitions of the various income levels, the adjusted figures for low-income individuals and moderate-income individuals are also indicated in the following table.

Adjusted Annual Income		Adjusted Annual Income Levels	
Brockton MSA	Amount	Low-income <50% MSA MFI ¹	Moderate-income 50%-79% MSA MFI
Year: 2001	\$61,300	\$30,649	\$30,650 - \$48,427
Year: 2002	\$63,500	\$31,749	\$31,750 - \$50,165
Boston MSA	Amount	Low-income <50%	Moderate-income 50%-79%
Year: 2001	\$70,000	\$34,999	\$35,000 - \$55,300
Year: 2002	\$74,200	\$37,099	\$37,100 - \$58,618

¹Median Family Income

The 1990 U.S. Census indicates that there are 234,204 housing units in the credit union's assessment area, which is comprised of 126 census tracts.

The assessment area's housing stock is comprised of 82.3 percent one-to-four family units, 14.7 percent multi-family units, and 3.0 percent mobile home or other housing units. Of the total occupied housing stock, 66.2 percent was owner-occupied and 26.6 percent was rental units.

According to real estate housing statistics (based on town market statistics compiled by Banker and Tradesman) for home sales within the assessment area, for the five-year period beginning January 1998 through December 2002, the average sales price increased more than 48 percent. Refer to the following table for additional information.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	House-holds	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	1.6	1.1	1.3	0.3	3.3	2.8	\$118,084
Moderate	11.9	11.0	11.2	6.1	23.4	12.7	\$130,737
Middle	69.0	72.4	72.4	75.0	65.8	73.1	\$152,893
Upper	15.9	15.5	15.1	18.6	7.5	11.4	\$220,568
NA	1.6	0.0	0.0	0.0	0.0	0.0	0
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	\$165,391

Source: U.S. Census

Housing demographics indicate that the two low-income census tracts have a very low number of housing units and an even lower rate of owner-occupancy. The moderate-income census tracts have a lower percentage of owner-occupied units compared to the middle- and upper-income tracts. This data also indicates that 43.6 percent of the housing units in low-income tracts are comprised of 5 or more units and 26.6 of the housing units in moderate-income tracts are comprised of 5 or more units. The majority of the housing units within the credit union's assessment area are in middle-income tracts (72.4 percent); multi-family units represent only 14.4 percent of the housing units in those areas.

The assessment area's population is made up of 217,174 households. Of the total households 21.4 percent are low income, 15.0 percent are moderate-income, 21.5 percent are middle-income, and 42.1 percent are upper-income. In addition, 6.8 percent of all the households in the assessment area are below the poverty level.

Census tracts are also classified according to income. As defined by the U.S. Department of Housing and Urban Development (HUD) low-income is defined as income that is less than 50 percent of the MSA's median family income. Moderate-income is defined as an income level that is 50 percent to less than 80 percent of the MSA's median family income. Middle-income is defined as an income level that is 80 percent to less than 120 percent of the MSA median family income, while upper-income is defined as an income level that is equal to or greater than 120 percent of the MSA's median family income.

The assessment area is composed of a total of 126 census tracts, with the following classifications: 2 low-income; 15 moderate-income; 87 middle-income; 20 upper-income and 2 classified as NA.

The 2 low-income census tracts are located in the City of Brockton. These census tracts have a total of 3,029 housing units, 67.5 percent of which are rental. Almost 3 percent of the population resides in group quarters. With respect to other geographies, there appears to be less probability that the credit union would originate any significant number of owner-occupied HMDA loans in either low-income census tract.

Of the 15 moderate-income census tracts, 7 are located in the City of Brockton and 5 are in the City of Taunton.

The Cities of Brockton and Taunton are considered urban residential areas of the assessment area. The other communities within the assessment area are geographically suburban in character and comprise the bulk of the middle- and upper-income census tracts.

The credit union is operating in a highly competitive market. Based on 2001 Home Mortgage Disclosure Act aggregate data, there were 495 HMDA reporters that originated at least one home mortgage loan in the credit union's assessment area. Competitors include mortgage companies, credit unions, and banks of various sizes. The credit union's strongest competitors are several large, nation-wide mortgage companies and locally based banks and credit unions with their own strong "hometown" presence. The majority of the banks and credit unions have a strong presence throughout the assessment area and are aggressively lending in Brockton and Taunton where the low-income and moderate-income census tracts are concentrated. These local competitors include Brockton Credit Union, Plymouth Savings Bank, Rockland Trust Company, Citizens Bank of Massachusetts, and Bridgewater Savings. In addition, a number of the larger financial institutions in the vicinity have branches located in the assessment area.

In an effort to gain more information about the assessment area and to identify the credit needs in the area, a community representative was contacted during this evaluation. The contact stated that financial institutions' involvement in the communities could consist of providing financing for affordable housing and community development programs, donations, grants, technical assistance, and service on governing boards.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the credit union's performance.

Scope of Evaluation

Of the two tests evaluated for credit unions, the Lending Test is given the greatest consideration. The evaluation included an analysis of Home Mortgage Disclosure Act (HMDA)-reportable loans during the period January 1, 2001, through December 31, 2002, and a sample of consumer loans originated during the same period. In addition, residential loan data among competing institutions was analyzed for 2001, the latest date available for comparison of aggregate residential loan information. Since the credit union is primarily a residential lender and the loan volume supports this, residential lending was weighed more heavily than consumer loan activity.

CCU's consumer loans, with more than 23 percent of the loan portfolio, represent a significant segment of the credit union's lending activity. However, data collection for consumer loans is not required by CRA regulation. Consequently, a random sample of personal loans was taken consisting of the major loan products offered by CCU including personal secured and unsecured loans, automobile and vehicle loans.

I. Lending Activity

HMDA Loans

The credit union originated 686 HMDA-reportable loans totaling \$90.9 million. As the following table indicates, a significant majority of home mortgage loans were originated within the assessment area. Of the total HMDA loans originated during this period, 569 or 82.9 percent by number and 80.1 percent by dollar volume, were granted within the credit union's assessment area. Although both the number and dollar volume of the credit union's loans are considered, the number of loans originated is weighed more heavily than the dollar volume. The reasoning being the number of loans does not vary due to the applicant's income level or the varying housing values within the assessment area.

<i>Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area</i>								
<i>Year</i>	<i>Inside</i>				<i>Outside</i>			
	<i>Number of Loans</i>		<i>Dollar in Loans (000s)</i>		<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>2001</i>	232	85.0	28,695	81.5	41	15.0	6,496	18.5
<i>2002</i>	337	81.6	44,089	79.2	76	18.4	11,576	20.8
<i>Total</i>	569	82.9	72,784	80.1	117	17.1	18,072	19.9

Source: HMDA LAR, Cra Wiz

As noted in the description of the assessment area, the credit union is operating within a highly competitive lending environment. Market share data for 2001 was reviewed with respect to this performance criterion.

The market share data is based upon loan information submitted to the Federal Reserve in 2001 by all HMDA-reportable lending institutions that originated residential real estate loans within the assessment area.

Market share data for the 495 lenders that made loans within the assessment area indicated that Crescent Credit Union ranked 55th in originated loans, representing 0.38 percent in market share. In order, Washington Mutual Bank, FA and Countrywide Home Loans ranked first and second with a 6.22 percent and 5.72 percent market share, respectively.

The demand for residential mortgages within the assessment area remains strong. Residential loan volume in calendar year 2002 increased more than 45 percent over loan volume in calendar year 2001. Record-setting low interest rates have resulted in a strong demand for long term fixed rate mortgage loans. Refinanced home loans for 2002 accounted for 83.1 percent of the credit union's real estate lending and conventional home purchases accounted for more than 10 percent within the assessment area.

Consumer Loans

The credit union originated 6,386 consumer loans for a total dollar amount of \$64,189,000.

Of the total consumer loans 77.9 percent of the total number were originated within the assessment area and 75.6 percent of the dollar volume was originated within the assessment area. Similar to HMDA lending, the credit union's consumer lending performance has resulted in a significant majority of the loans located within the assessment area. Refer to the following table for more detailed information.

<i>Distribution of Consumer Loans Inside and Outside of the Assessment Area</i>								
<i>Year</i>	<i>Inside</i>				<i>Outside</i>			
	<i>Number of Loans</i>		<i>Dollar in Loans (000s)</i>		<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>2001</i>	2,317	79.2	21,819.8	76.4	609	20.8	6,758.0	23.6
<i>2002</i>	2,660	76.9	26,676.4	74.9	800	23.1	8,934.8	25.1
<i>Total</i>	4,977	77.9	48,496.2	75.6	1,409	22.1	15,692.8	24.4

Source: CRA Data Collection

II. Geographic Distribution

HMDA Loans

The credit union's penetration of census tracts of different income levels is considered good. HMDA-reportable loans originated by the credit union were analyzed to determine the extent of loan penetration within the assessment area's low-and moderate-income geographies.

As the following table illustrates, the distribution of the credit union's HMDA-reportable loans originated within the assessment area's low and moderate income census tracts is at a higher level than the aggregate. With only two loans originated in the low-income tracts in 2001, the credit union ranked 34th and a market share of 0.77 percent. The opportunity for lending in this area is limited due to factors discussed in other sections of this report. The opportunity for lending in the moderate-income census tracts is more favorable due to relatively higher rate of owner-occupancy. As with lending in low-income areas, aggregate data indicates the credit union's performance exceeds that of other lenders in this area as illustrated in the table below. While no aggregate data is available for 2002, the credit union's performance is substantially similar to that of 2001. In addition, the credit union's level of lending within the low- and moderate-income tracts is proportionately higher, by percentage, than the owner occupancy rate within these areas. This pattern has been consistent throughout the review period. It is further noted that the concentration of owner-occupied housing units is within the middle-income census tracts. The figures indicate that the credit union as well as the aggregate performance closely reflect the rate of owner-occupancy within the middle-income census tracts.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner- Occupied Housing Units	Aggregate Lending Data(% of #)	2001		2002		Total	
			2001					
<i>Low</i>	0.3	0.4	#	%	#	%	#	%
<i>Moderate</i>	6.1	6.1	19	8.2	35	10.4	54	9.5
<i>Middle</i>	75.0	75.5	174	75.0	245	72.7	419	73.6
<i>Upper</i>	18.6	18.0	37	15.9	54	16.0	91	16.0
Total	100.0	100.0	232	100.0	337	100.0	569	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

Consumer Loans

The penetration of consumer loans within census tracts of different income levels is considered good. For this evaluation period, the credit union has made at least one loan in each of the census tract categories within the assessment area. Despite the credit union's focus as a residential lender, CCU originated almost 5,000 consumer loans within the assessment area for a dollar volume exceeding \$48 million. The following table indicates the distribution of the credit union's consumer loans originated within the assessment area based on a sample of the loans originated during the review period. For comparison purposes, the following table also includes a breakdown by percentage of the area households within the four census tract income categories.

Distribution of Consumer Loans by Income Category of the Census Tract							
Census Tract Income Level	% Total Households*	2001		2002		Total	
		#	%	#	%	#	%
Low	1.1	0	0.0	2	8.0	2	4.0
Moderate	11.0	3	12.0	3	12.0	6	12.0
Middle	72.4	19	76.0	18	72.0	37	74.0
Upper	15.5	3	12.0	2	8.0	5	10.0
Total	100.0	25	100.0	25	100.0	50	100.0

Source: Credit union Data collection, *1990 census.

As the table above indicates consumer lending within low- and moderate-income census tracts, with 16.0 percent of the sampled loans, was reasonably represented and consistent with the population breakdown within those areas. The dollar volume indicated similar figures with 15.9 percent dispersion among low- and moderate-income geographies.

The majority of the assessment area's population is concentrated within the middle-income geographies. The geographic distribution of CCUs consumer loans among tracts of different income levels is consistent with the population dispersion throughout the area. The majority of consumer loans originated from within the middle-income census tracts with 74 percent of the total number and 74.2 percent of the total dollar volume, is consistent with the distribution of the population that resides within those areas.

Distribution of Consumer Loans by Income Category of the Census Tract							
Census Tract Income Level	% Total Population*	2001		2002		Total	
		\$	%	\$	%	\$	%
Low	1.0	0	0.0	3.5	1.3	3.5	0.7
Moderate	10.4	58.4	22.3	21.1	8.1	79.5	15.2
Middle	72.4	158.1	60.4	229.0	88.0	387.1	74.2
Upper	16.1	45.3	17.3	6.6	2.6	51.9	9.9
Total	100.0	261.8	100.0	260.2	100.0	522.0	100.0

Source: Credit union Data collection, *1990 census.

III. Borrower Characteristics

HMDA Loans

Crescent Credit Union's distribution of HMDA-reportable loan among borrowers of different income levels reflects a good penetration of all income levels. Lending distribution was also compared to the distribution of the assessment area's 217,174 households by borrower income level, as well as the 2001 aggregate data in the following table.

Distribution of HMDA Loans by Borrower Income								
Median Family Income Level	% Total Households	Aggregate Lending Data (% of #) 2001	2001		2002		Total	
			#	%	#	%	#	%
Low	21.4	3.8	7	3.0	24	7.1	31	5.4
Moderate	15.0	17.2	43	18.5	61	18.1	104	18.3
Middle	21.5	26.8	77	33.2	120	35.6	197	34.6
Upper	42.1	35.6	93	40.1	130	38.6	223	39.2
NA	0.0	16.6	12	5.2	2	0.6	14	2.5
Total	100.0	100.0	232	100.0	337	100.0	569	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

While the overall concentration of CCU's residential mortgage loans is slightly higher among middle- and upper-income borrowers, the credit union's loan distribution is good in comparison to the aggregate. In 2001, the credit union made 3 percent of its residential loans to low-income borrowers, in comparison to 3.8 percent by the aggregate. However in that same year, the credit union made 18.5 percent of loans to borrowers in comparison to the aggregate, which made 17.2 percent. This pattern continued in terms of comparison to total households within specific income levels.. Although loans to low-income individuals is significantly lower than the 21.4 percent of low-income households, the percentage is considered reasonable since approximately 6.8 percent of the households are below the poverty level and could not afford the costs associated with homeownership. Also, the credit union's penetration of low-income households is hampered by the cost of homes in relation to income. A low-income household in 2002 within CCU's assessment area would have an annual income of \$31,749 in the Brockton MSA and \$37,099 in the Boston MSA.

Even with flexible lending programs in place, the cost of local real estate is greater than what most low-income households could afford.

Crescent Credit Union fared somewhat better in its distribution of loans to moderate-income borrowers. Over the period examined, the credit union made 18.3 percent of loans to moderate-income borrowers, which exceeds the percentage of households falling within that category at 15 percent.

To assist lower income individuals achieve homeownership however, CCU offers a variety of mortgage programs, some with flexible underwriting, including higher debt-to-income ratios or smaller downpayment requirements.

Consequently, Crescent Credit Union's loan distribution is considered good, and the amount of loans made to low and moderate-income borrowers appears to be the result of its proactive and flexible credit products.

Consumer Loans

As mentioned earlier, sampling procedures were used to determine the percentages of consumer loans to borrowers of different income levels. A sample of 50 loans was taken from years 2001 and 2002 from automobile and secured and unsecured personal loans to estimate lending by borrower income level for consumer loans. CCU's level of consumer installment loans to low- and moderate-income borrowers at 62.0 percent of the number and 51.5 percent of the dollar amount was good and favorably represents the credit union's efforts to lend to borrowers of all income levels. In addition, lending in other income categories were not negatively impacted based on the sample results. The following table shows the estimated borrower income distribution.

Distribution of Consumer Loans by Borrower Income							
Median Family Income Level	% Total Households	2001		2002		Total	
		#	%	#	%	#	%
Low	21.4	4	16.0	13	52.0	17	34.0
Moderate	15.0	7	28.0	7	28.0	14	28.0
Middle	21.5	6	24.0	2	8.0	8	16.0
Upper	42.1	4	16.0	3	12.0	7	14.0
NA	0.0	4	16.0	0	0.0	4	8.0
Total	100.0	25	100.0	25	100.0	50	100.0

Source: CRA Data collection, CRA Aggregate Lending Data

Distribution of Consumer Loans by Borrower Income							
Median Family Income Level	% Total Households	2001		2002		Total	
		\$(000)	%	\$(000)	%	\$(000)	%
Low	21.4	18.9	7.2	118.5	45.6	137.4	26.3
Moderate	15.0	69.2	26.4	62.1	23.8	131.3	25.2
Middle	21.5	71.4	27.3	31.1	12.0	102.5	19.6
Upper	42.1	39.3	15.0	48.5	18.6	87.8	16.8
NA	0.0	63.0	24.1	0	0.0	63.0	12.1
Total	100.0	261.8	100.0	260.2	100.0	522.0	100.0

Source: CRA Data collection, CRA Aggregate Lending Data

It is important to note that the estimated distribution was based on the Office of Housing and Urban Development (HUD) estimated median family income for the year in which each loan was originated. If an individual applies for the loan, financial institutions use the individual's income to make the credit decision, rather than the total family income. Therefore, comparing the borrower income level to the median family income may potentially inflate the levels of lending to low and moderate-income borrowers and understate the levels of lending to middle- and upper-income borrowers.

However, even given the effect of income compared to, Crescent Credit Union's distribution of consumer loans to borrowers of different income levels appears to be responsive to members needs at all income levels.

IV. Community Development Lending

Crescent Credit Union holds a 12 percent participation in a pool of mortgage loans made through a consortium of lenders through the Brockton Housing Partnership. These loans are made to low and moderate-income borrowers. The current balance of this pool of loans is approximately \$840,000. The original agreement for this participation was begun in March 1996 and the first loan was funded in April 1996. The balance of loans in the program has been as high as \$2.7 million. As of March 31, 2003, CCU's pro rata share of this loan pool was \$100,742.

V. Innovative or Flexible Lending Practices

Crescent Credit Union has developed or participated in innovative and flexible lending programs designed to help meet the credit needs within its assessment area. These programs use flexible criteria and underwriting standards. The following is a summary of these programs.

The First time Homebuyers Program is offered with 30-year fixed or adjustable interest rates with no closing costs, no points and a 5 percent downpayment requirement.

The credit union's management continues to exercise liberal underwriting criteria in regards to debt to income ratios when evaluating residential and consumer loan applications.

VI. Fair Lending Policies and Practices

CCU's fair lending performance was evaluated utilizing guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

CCU's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. A thorough review of the public comment file revealed that the credit union received no complaints pertaining to the institution's CRA performance since the previous examination..

The credit union maintains a Fair Policy Statement that meets the requirements of Regulatory Bulletin 2.3-101.

The credit union's staff is comprised of 115 employees of whom 14 are representative of minority groups. CCU has a number of bi-lingual employees who are fluent in Italian, Portuguese, Spanish, Creole, French and Italian.

The credit union's marketing efforts appear to adequately reach members of all income levels. The institution evaluates both the products it offers and its product mix to help determine whether those products are responsive to the needs of its members.

The credit union has sponsored homebuyer seminars in Brockton and Taunton over the past two years.

The credit union refers all loan customers whose home loan is delinquent to the appropriate credit counseling agency.

Minority Application Flow

A review of the credit union's residential loan application flow was conducted. The purpose of the review is to determine the number of applications the credit union received from minority applicants.

As indicated in the following table the credit union received a total of 655 residential applications from individuals within the assessment area during the review period. A total

of 65 applications, or 10.0 percent, was received from minority applicants. Of the total minority applications received 48, or 73.8 percent, were approved.

The credit union's minority application flow was compared with the racial composition of the assessment area. In addition, the application flow was compared to the 2001 aggregate data for all other HMDA reporters within the assessment area. The comparison of this data assists in deriving reasonable expectations for the number of applications the credit union receives from minority applicants.

MINORITY APPLICATION FLOW*								
Race	Aggregate Data 2001		Credit Union Data 2001		Credit Union Data 2002		Credit Union Total	
	#	%	#	%	#	%	#	%
Native American	235	0.3	1	0.4	2	0.5	3	0.5
Asian	601	0.7	0	0.0	7	1.8	7	1.1
Black	2,043	2.4	5	2.0	16	4.0	21	3.2
Hispanic	881	1.1	3	1.2	8	2.0	11	1.7
Joint	798	1.0	3	1.2	3	0.7	6	0.9
Other	908	1.1	5	2.0	12	3.0	17	2.6
Total Minority	5,466	6.5	17	6.7	48	12.0	65	10.0
White	51,499	61.6	229	89.8	345	86.3	574	87.6
NA	26,636	31.9	9	3.5	7	1.8	16	2.4
Total	83,601	100.0	255	100.0	400	100.0	655	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

According to the 1990 U.S. Census Data, the bank's assessment area contained a total population of 623,694 individuals. Minority individuals in this area accounted for 6.5 percent of the total population. Aggregate information for 2001, as shown in the above table, indicated that 6.5 percent of the total applications received from all other HMDA reporters were from minority applicants. By comparison, CCU's minority flow for 2001 is similar to that of other lenders. It is further noted that the credit union's minority flow for 2001 is proportionately similar to the percentage of minority residents within the assessment area.

VII. Loss of Affordable Housing

The credit union's lending programs, which include flexible underwriting, has assisted low- and moderate-income individuals to remain in their neighborhoods.

CONCLUSION (Lending Test)

Taking into account the number and amount of home mortgage, and consumer loans granted to members, Crescent Credit Union has demonstrated good responsiveness to credit needs. The credit union's lending also demonstrates a good distribution of loans

among individuals of different income levels. The credit union has established a good record of serving the credit needs of low and moderate-income individuals. In addition, the credit union's fair lending performance was found to be satisfactory at this time. Therefore, the institution's lending performance receives an overall rating of satisfactory.

SERVICE TEST

The institution's Service Test performance was rated an overall "Satisfactory." This rating is based upon an evaluation of the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

RETAIL BANKING SERVICES

The effectiveness of a credit union's system for delivering retail banking services is determined by analyzing the accessibility of the delivery system, changes in branch locations, and the reasonableness of business hours and services in meeting assessment area needs.

Distribution of Branches

Crescent Credit Union is headquartered at 60 Crescent Street in Brockton, which is located in a low-income census tract. In addition, the credit union operates six full-service offices, four of which are in Brockton and one each in Taunton and Norwell. The following table provides detailed information of each branch location.

<i>Distribution of Credit union Offices by Income Category of the Census Tract</i>						
Census Tract Income Category	Census Tracts in Assessment Area		Households		Credit Union Offices by Tract Location	
	#	%	#	%	#	%
Low	2	1.6	2,466	1.1	1	14.3
Moderate	15	11.9	23,910	11.0	1	14.3
Middle	87	69.0	157,231	72.4	4	57.1
Upper	20	15.9	33,537	15.5	1	14.3
NA	2	1.6	30	00	0	0.0
Total	126	100.0	217,174	100.0	7	100.0

Source: U.S. Census and Credit union Public File

Hours of operation appear convenient and compare favorably with other local financial institutions. The credit union operates a full-service branch located in a moderate-income tract at Shaw's Supermarket in Brockton. Because branch hours of operation are affected by the store's schedule, this office has slightly shorter business hours during the week. However, the branch has extended Saturday and Sunday business hours and offers the same services as other branches. Additionally, the credit union operates a mortgage and loan center located at 55 Christy's Drive in Brockton. No retail banking or ATM service is offered at that location.

Alternative Retail Banking Services

The effectiveness of the credit union's retail system in meeting the needs of the assessment area is further supported by the hours of operation. The credit union's business hours are comparable to other institutions of similar size and operating capacity. All offices offer extended hours during the week as well as Saturday hours. All full service offices offer the convenience of a drive-up window and all offices, with the exception of the office inside Shaw's Supermarket in Brockton.

All of the full service offices, with the exception of the supermarket branch, are equipped with 24 hour Automated Teller Machines (ATMs) that are linked to the NYCE network.

The credit union is also a member of the SUM network of ATMs, a surcharge-free alliance of several financial institutions that include thousands of ATMs throughout New England. In addition, the credit union is a participant in the surcharge-free alliance of 1,237 credit unions that operate 15,425 CO-OP Network ATMs located in 50 states, Puerto Rico and Canada. As of March 1, 2003, more than 14 million cardholders have financial access to a national surcharge-free network. CCU's customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM and CO-OP Network logos. Based on census tract data, CCU has 3 ATMs located in low- and moderate-income census tracts within the assessment area. These communities are Brockton and Taunton.

In addition to branch banking, the credit union provides 24-hour banking by providing stand alone ATM service at Trucchi's supermarkets in Abington, New Bedford, Taunton (2), and West Bridgewater. ATM service is also provided at Tedeschi's Supermarkets in Taunton and West Bridgewater and at Caritas Good Samaritan Hospital in Brockton 24 hours a day. All remote ATMs dispense cash only.

Currently, there are 115 employees. The credit union has 25 bi-lingual employees who are available to assist the non-English speaking customers and potential customers at the credit union. Second languages spoken include Portuguese, Creole, Cape Verdean, Spanish, Italian, German, Greek, and Arabic. As a result, the credit union is able to provide better service to customers of different ethnic backgrounds.

Crescent Credit Union also offers VISA Debit Card to its customers. This card performs all of the same functions as an ATM card plus the benefits of a credit card.

Through the credit union's "Bank at Work" Program, customers are provided with payroll direct deposit with the added advantage of a free checking account, no minimum balance requirements, and interest earned. This program provides the option of a direct deposit into a savings account, retirement account, or Christmas Club account and allows for automatic loan and mortgage payments.

Customers and potential customers can obtain general banking information such as hour, branch location, products and services, etc., through the credit union's web site at www.crescentcredit.org. In February 2002, the credit union introduced full service online banking. Interested consumers can now apply for personal, home improvement, new or used automobile, recreational vehicle, or motorcycle loans and receive an answer in 60 seconds or less through this site. In addition, customers have the ability to: check account balances; review accounts; review all ATM, debit card, and online banking transactions; make mortgage, equity and consumer loan payments; and download account information to popular money management software programs. Also, the credit union's online service offers online bill payment. Customers may apply online for this service and receive notification via e-mail once the application for bill pay has been processed.

Customers may use the toll-free "Loan Phone" and apply over the telephone for automobile, personal, home improvement, or home equity loans or lines of credit and receive an answer the same day or next business day. The "Loan Phone" is available 24 hours a day, 7 days a week. Additional information or applications can be requested by utilizing the bank's e-mail at info@crescentcredit.org.

Other Retail Services

Crescent Credit Union periodically includes flyers in Taunton resident's electric bills. These flyers are printed in English and Portuguese.

The bank offers a full range of deposit services designed to fit the needs of individuals, including low- and moderate-income individuals. CCU offers low-cost savings and checking accounts to all segments of its assessment area, including those with modest incomes. The credit union's No-Minimum Balance Account requires no minimum balance and unlimited check writing for \$3.00 per month. The \$3.00 monthly service fee is waived on direct deposit accounts. A Low-Minimum Balance Account requires members to maintain a balance of \$250 and CCU will waive the \$4.00 per month fee and the 10 cent per check fee. If direct deposit is or payroll deduction is arranged the fee will be reduced to \$2.00 if the balance falls below \$250. The NOW Checking Account pays the highest interest and a minimum balance of \$500 enables members to avoid a \$5.00 monthly service charge. With direct deposit this fee is lowered to \$2.50 if the balance falls below the \$500 minimum and no minimum balance is required.

The credit union is a participant in the State Treasurer's "Savings Makes Cents" program for school children in grades 3 to 6. Interest on this account is compounded daily and paid monthly. There is no minimum balance requirement for this account and no service charges are assessed.

COMMUNITY DEVELOPMENT SERVICES

Crescent Credit Union's employees are involved in various organizations that promote community development.

An employee serves as the treasurer of the Downtown Brockton Association. Another employee is the treasurer of the Campello Business Association in Brockton. The President of Crescent Credit Union is a Director of Caritas Good Samaritan Medical Center in Brockton, a medical facility that provides free medical care to the needy.

CONCLUSION (Service Test)

The Crescent Credit Union's system for delivering retail banking services illustrates its ability in providing services to all of its members, including low- and moderate-income individuals. Business hours of operation are convenient and meet the needs of the membership. Based on its efforts, the credit union's performance in this area is considered satisfactory.

APPENDIX A

SCOPE OF EXAMINATION: The examination included all HMDA and consumer loans for the period noted below. Although the consumer loans were able to be geocoded, incomes were not available. Therefore, to determine lending levels among borrowers of different incomes, sampling procedures were used.

Residential aggregate loan data was reviewed during the examination and included comparative loan data between competing institutions. The credit union's assessment area consisted of 33 cities and towns located in the Brockton MSA and parts of the Boston MSA.

TIME PERIOD REVIEWED: January 1, 2001 – December 31, 2002

PRODUCTS REVIEWED: HMDA Loans and Consumer Loans

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

CRESCENT CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **APRIL 7, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

